

No. 7/12/DPM

Jakarta, April 8, 2005

CIRCULAR LETTER

To

ALL COMMERCIAL BANKS

Concerning : The Third Alteration on Bank Indonesia Circular Letter Number 6/17/DPM
Dated April 6, 2004 concerning Secondary Market Trading of Bank
Indonesia Certificates under Repurchase Agreement (Repo) with Bank
Indonesia.

In order to synchronize the mechanism of SBI Repo transactions that may consist of 1 (one) or more than one series of SBI owned by the Bank, provided that it is not exceeding the applicable maximum limit of 50% (fifty percent) SBI ownership recorded in 1 (one) working day trading account before the application of the intended SBI Repo, it is deemed necessary to reformulate the regulations in Bank Indonesia Circular Letter No. 6/17/DPM dated April 6, 2004 concerning Secondary Market Trading of Bank Indonesia Certificates under Repurchase Agreement (Repo) with Bank Indonesia, as amended for the last couple of times with bank Indonesia Circular Letter Number 6/47/DPM dated October 29, 2004, as the provisional applications of Bank Indonesia Regulation Number 4/9/PBI/2002 dated November 18, 2002 concerning Open Market Operation (The State Gazette of the Republic of Indonesia of 2002 Number 126, Supplement to the State Gazette of the Republic of Indonesia Number 4243), as amended several times by Bank
Indonesia ...

Indonesia Regulation Number 6/33/PBI/2004 dated December 31, 2004 (State Gazette of the Republic of Indonesia of 2004 Number 169, Supplement to the State Gazette of the Republic of Indonesia Number 4463), Bank Indonesia Regulation Number 4/10/PBI/2002 dated November 18, 2002 concerning Bank Indonesia Certificate (State Gazette of the Republic of Indonesia of 2002 Number 127, Supplement to the State Gazette of the Republic of Indonesia Number 4244), as amended by Bank Indonesia Regulation Number 6/5/PBI/2004 dated February 16, 2004 (State Gazette of the Republic of Indonesia Number 18, Supplement to the State Gazette of the Republic of Indonesia Number 4366) and Bank Indonesia Regulation Number 6/2/PBI/2004 dated February 16, 2004 concerning Bank Indonesia – Scripless Securities Settlement System (State Gazette of the Republic of Indonesia of 2004 Number 15, Supplement to the State Gazette of the Republic of Indonesia Number 4363), as follows:

Number II.9. shall be deleted so that number II shall be read as follows:

“II. REQUIREMENTS FOR SBI REPO TRANSACTIONS WITH BANK INDONESIA

1. SBI Repo transaction accepted by/ sold to Bank Indonesia shall be:
 - a. SBI owned by the Bank as recorded in the transactional account (active account) through BI-SSSS facilities on the day of transactional application; and
 - b. Having a remaining term of the minimum of 2 (two) working days.
2. The amount of SBI owned by the Bank that may be sold to Bank Indonesia under Repo transaction shall consist of the maximum of 50% (fifty percent) of SBI ownership recorded in the transactional account through BI-SSSS facilities 1 (one) day before the request for SBI Repo (T-1).

3. The ...

3. The remaining term for SBI Repo shall be 1 (one) working day. In the case of a request for transaction having occurred 1 (one) day before a public holiday, the deadline for SBI Repo shall be on the following working day.
4. The discount rates for SBI Repo shall be set at the highest amount of:
 - a. weighted average PUAB interest rate in the morning session for 1 (one) day term on 1 (one) day before the transaction is added by 100 (a hundred) basis points; or
 - b. weighted average SBI discount rate for 1 (one) month term on the last bidding is added by 100 (a hundred) basis points.
5. The calculation of days for SBI Repo discount shall be based on the calendar days.
6. Settlement for SBI Repo shall be executed on the day of the transaction (same-day settlement) through DVP mechanism.
7. For the Settlement of SBI Obligation, A Bank requesting SBI Repo must obtain a sufficient amount of SBI Obligation Account in the Central Registry during the settlement of SBI Repo transaction.
8. A Bank must obtain a sufficient balance in the Rupiah demand deposit account in Bank Indonesia for the Fund Settlement during the buy-back settlement of SBI Repo.
9. Revoked.
10. The Bank is not subject to temporary suspension or permanent cessation (closing) as a member of BI-SSSS.”

Unofficial Translation

The provisions in this Circular Letter shall come into force since the day of its stipulation.

For the public to be informed, it is ordered that this Circular Letter be promulgated in the State Gazette of the Republic of Indonesia.

Kindly be informed.

BANK INDONESIA,

BUDI MULYA
DIRECTOR OF MONETARY MANAGEMENT